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North Vietnam: Hanoi is sending one of its chief negotiators back to Paris.

Xuan Thuy, who returned to Hanoi a month ago for Ho Chi Minh's funeral, was in Moscow on 9 October on his way back to Paris. Thuy's return to the Paris negotiations does not automatically signal any immediate improvement in the atmosphere of the talks, but it does counter a growing impression that Hanoi was in effect boycotting the talks by keeping its two top negotiators in Hanoi well beyond the conclusion of the funeral ceremonies.

The Vietnamese leaders have made elaborate efforts in the past month to convince the world that Ho's death has not affected Communist negotiations strategy. They are insisting in every forum that their price for progress in Paris remains the same-total and unconditional US troop withdrawal and a coalition government in Saigon. Xuan Thuy is not apt to undercut this effort by introducing any immediate new initiatives in Paris. His transit was well publicized in Moscow and ignored in Peking-the standard treatment in both capitals--which suggests that he is carrying few surprises back to Paris.

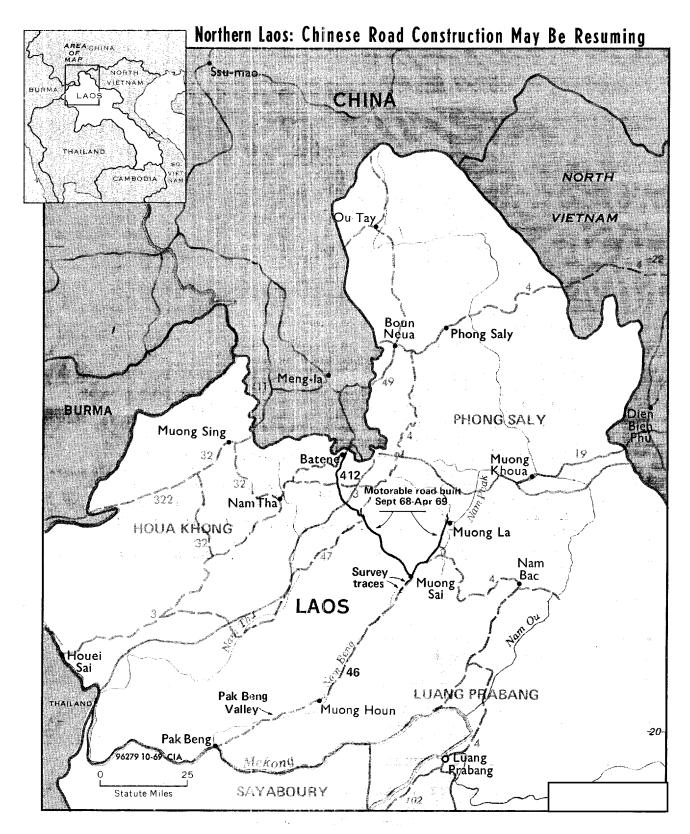
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Laos - Communist China: / There are signs that the Chinese are preparing to resume roadbuilding in northern Laos after a long rainy season stand-down.

Recent photography shows road survey traces in an area some five miles south of Muong Sai, a major Pathet Lao military and administrative center. is hard evidence suggesting future road construction activity south of Muong Sai. Reports have suggested that such a project might eventually be undertaken. Work on a southward road would be abetted by the existence of Route 46, an old French logging trail that at one time linked Muong Sai with Muong Houn and Pak Beng on the Mekong River.

If the Chinese push a road south into the Pak Beng Valley, it presumably would be used to help support Pathet Lao and North Vietnamese units fighting government guerrillas in Sayaboury and Luang Prabang provinces. It would also facilitate Chinese support for Communist elements in northern Thailand, although the relatively few armed insurgents there probably do not need a motorable supply route from China \

Before moving into a new area, however, the Chinese may first finish the work they began last year. Until construction stopped last spring, the Chinese were building a road north from Muong Sai toward Muong Khoua, the terminus of a motorable road from North Vietnam. When completed, this road will, for the first time, give the North Vietnamese a direct route to their units in northwest Laos.

There is no evidence that the approximately 6,000 Chinese engineer and support troops that have been in northern Laos since roadbuilding activity began a year ago are being augmented. An increase in antiaircraft weapons in the Muong Sai area indicates that the Chinese are still sensitive to the possibility that their activities may prompt aerial

retaliation (10 Oct 69 Central Intelligence Bulletin 25X1

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East Germany - India: Pankow is expanding economic relations with New Delhi as part of its campaign to achieve diplomatic recognition.

In recent talks with the Indian minister of industrial development, East Germany offered to assist India's industrial development. One project that probably was discussed is a pending East German offer to help establish a tractor plant. Pankow also has encouraged New Delhi to participate in East Germany's semi-annual Leipzig Fair in order to stimulate trade between the two countries, which last year totaled only about \$60 million.

New Delhi, in response to increasing domestic demands as well as to pressure from the Soviets and East Germans, recently upgraded its trade office in East Berlin to an official trade representation. The Indians, however, have thus far avoided full diplomatic recognition, primarily for fear of jeopardizing West German economic assistance. Bonn is one of India's largest aid donors from the West.

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The Swedish offer of \$40 million in aid to North Vietnam has been set aside as a result of negative domestic and foreign reaction.

As initially proposed by Foreign Minister Nilsson at the recent Social Democratic Party congress, the \$40-million program would have consisted of two thirds credits and one third grants to begin on 1 July 1970. Nilsson's announcement was widely interpreted not only as a gesture to the party's left wing but also as a surprise reversal of the previous policy that aid was to be extended to both Vietnams at the end of hostilities as part of a joint Nordic program.

Reaction to the proposal was largely negative. The Swedish non-socialist parties objected strenuously to the commitment of Swedish aid without debate in Parliament. Officials in Denmark, Norway, and Finland objected to Sweden's unilateral action just before a meeting in Helsinki was to discuss the Nordic program. The Export-Import Bank questioned whether further credit could be extended to Sweden if it furnished aid to a nation at war with the US.

Almost immediately the Swedes reversed themselves. They claimed that their \$40-million offer was merely an opening qambit subject to prolonged negotiation, that it was indeed intended to be part of the joint Nordic plan, and that in any case the bulk of it would not go into effect until hostilities ended.

The awkward handling of the aid offer is not an auspicious beginning for the new Swedish Government of Olof Palme, and there is speculation that an element in his Social Democratic Party may have set the

affair in motion to embarrass him.

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Brazil: Followers of dissident Communist Carlos Marighella are planning new terrorist actions and may establish a rural guerrilla force.

Marighella recently stated that his organization would carry out three operations before the end of the year that would have international repercussions. One of these may have been the kidnaping of US Ambassador Elbrick on 4 September. Marighella also said that the three operations would be followed by an outbreak of guerrilla warfare along the Sao Francisco Valley. The guerrilla units would be made up of five to ten men whose primary targets would be small military installations along the river.

Marighella has often said that at the proper time he would extend his urban terrorist activities to the countryside. Sao Paulo police recently arrested a number of Marighella's followers who said that the urban terrorists are organized into small "armed workers groups" that operate independently for the most part, but maintain loose liaison. In Sao Paulo, the operations of these groups are coordinated by Marighella's chief lieutenant, Joaquim Camara Ferreira, who was one of the planners and

Camara Ferreira, who was one of the planners and executors of the ambassador's kidnaping.

(Map)

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| Guatemala: US officials are again under threat of violence by Communist terrorists. the Cuban-oriented Rebel Armed Forces plans to kidnap or assassinate either the ambassador, a member of the military mission, or the consul in the near future. On Monday the consul received a note telling him to leave the country | 25X1 |
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| within a week or suffer the same fate as Ambassador Mein, who was murdered in August 1968. | 25X1 |
| Uruguay: The Tupamaros, a pro-Castro urban terrorist group, staged three simultaneous bank robberies and attacked police and fire stations in two communities near Montevideo on Wednesday. In a subsequent firefight with a 500-man security force, at least two of the guerrillas were killed and 15 to 20 were arrested. The use for the first time of military units in coordination with the police reflects the government's recognition of the need for more effective antiguerrilla action. Leaflets found on the scene linked the attack to a commemoration of the second anniversary of Che Guevara's death. | 25X1 |
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